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ABSTRACT

This prospectus outlines the key elements of the state-by-state report card which the National Center for Public Policy and Higher Education is developing to assist state policy leaders in identifying the strengths and weaknesses of higher education performance in their state. The goal is to stimulate the creation of state policies that enhance opportunity and achievement for all Americans who aspire to higher education. The report card will be prepared and released regularly, with the first release scheduled for fall 2000 and subsequent releases planned either annually or biannually. The initial report card will include two major sections: a summary of state-by-state performance results within a national context; and detailed information on each state's results. Grades will be measured on performance in five categories: (1) preparation of students for education beyond high school; (2) provision of opportunities for participation in postsecondary education; (3) affordability; (4) persistence and completion of certificates and degrees; and (5) educational gains and returns, e.g., the benefits that accrue to a state as a result of a more highly educated population. Appendixes list members of the report card advisory committees. committees. (Contains 14 endnotes.) (RH)

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A State-by-State Report Card on Higher Education

Prospectus

The National Center for Public Policy and Higher Education

March 2000

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In the United States, the states bear the primary public responsibility for higher education. They help to determine who qualifies for college by providing oversight of the public school system. They provide most of the direct financial support to—and oversight of—public colleges and universities, and significant support to private ones (through student financial aid as well as direct appropriations). They determine the organizational structures of public higher education, can shape the relationships between higher education and the public schools, and can encourage coordination between private and public higher education. Through these and other means, states are responsible for ensuring that qualified high school graduates and the many workers who need retraining will have ample opportunity for education and training beyond high school—at affordable prices. And states are enriched by these investments: states with highly educated populations reap economic, cultural, and civic benefits.

Currently:

- Seventy-eight percent of American college students are enrolled in public colleges and universities, institutions created by and financially dependent upon state governments.[1]
- States provide 46 percent of the financial support for public colleges and universities and approximately 29 percent of the total support for all public and private colleges and universities.[2]
- State and local appropriations for higher education exceed $57 billion annually (1998–99 data).[3]
- State financial aid for students at public and private colleges and universities exceeds $3 billion annually (1997–98 data).[4]

Meanwhile, significant societal and economic transformations are sharply increasing the pressures states face as they seek to provide educational opportunities beyond high school. Most importantly, for the first time in our history, Americans who aspire to a middle-class standard of living are virtually required to have education and training beyond high school. Between 1977 and 1997, the average income of high school graduates *decreased* 4 percent in real dollars, while the income advantage associated with having a college degree instead of only a high school diploma increased by 28 percent in real dollars.[5] In a global marketplace transformed daily by developments in technology, worker productivity and other areas, nearly every American worker who seeks job stability or advancement is expected to pursue ongoing training. Given the growing importance of higher education in providing opportunity, states bear an ever greater responsibility for ensuring that the nation's gateways to success—our colleges, universities and training centers—are accessible for *all* qualified and motivated Americans.

As higher education has become more important, the college landscape has changed. The current generation of high school graduates is far more heterogeneous in ethnicity, age, financial resources, and academic preparation than any in our history.[6] Technology is transforming not only how we work, but also how we teach and learn; whether technology can enhance quality and access and reduce cost remains an open question with enormous policy implications.[7] With college tuition increasing much faster than the rate of inflation, it has become more difficult for Americans to afford college.[8] And in order to meet a host of other important state needs—such as K–12 education and health care—states are experiencing increased pressures in paying their historic portion of college costs. During the 1990s, the share of state budgets devoted to higher education decreased from 15 to 13 percent,[9] and states shifted the primary burden of paying for college to students and their families: the share of college revenues paid for by states decreased from 35 to 29 percent, while the share paid for by tuition charges increased from 31 to 36 percent.[10] As states look to the next decade, over half are projecting significant increases in the number of high school graduates.[11]

Given the increased pressures that states face in providing Americans with opportunities to seek education and training beyond high school, it is crucial that state policy leaders have access to useful comparative information about their state's performance in higher education—public and private, two- and four-year. State leaders have access to comparative data in a host of other areas over which they bear responsibility, including economic trends, children's health and K–12 education. But currently there is no publicly available, comprehensive, comparative information on state performance in higher education.

To assist state policy leaders in identifying the strengths and weaknesses of higher education performance in their state, the National Center for Public Policy and Higher Education is developing a state-by-state report card that compares and evaluates each state's performance in higher education. The goal of the report card—and of the National Center generally—is to stimulate the creation of state policies that enhance opportunity and achievement for *all* Americans who aspire to higher education.

This prospectus briefly outlines the key elements of the report card.

The National Center for Public Policy and Higher Education

The National Center for Public Policy and Higher Education works to strengthen America's future by increasing opportunity and achievement for all who aspire to higher education. As an independent, nonprofit, nonpartisan organization, the National Center stimulates the creation of public policies that enhance Americans' opportunities to pursue and achieve high-quality education and training beyond high school. Formed in 1998, the National Center is not affiliated with any institution of higher education, with any political party, or with any government agency, and it is supported by a consortium of national foundations that includes The Pew Charitable Trusts and The Ford Foundation.

In working to improve higher education through effective public policy, the National Center serves both as a resource and catalyst:

- *A Resource for Policy Development.* The National Center conducts independent research and analysis of the most pressing policy issues facing the states and the nation regarding opportunity and achievement in higher education.
- *A Catalyst for Improving Results.* The National Center communicates performance results and key findings to the public, to civic, business, and higher education leaders, and to public officials who are poised to improve public policies regarding higher education.

The National Center's Board of Directors, chaired by Governor James B. Hunt Jr. of North Carolina, is composed of Democrats and Republicans, and national business, civic, and higher education leaders. The National Center defines higher education to include education and training beyond high school, including two- and four-year, public and private, for-profit and nonprofit institutions.

The Value of a Report Card as a Policy Tool

Students, workers and families who are considering their options for college can examine a wide range of institutional rankings and comparisons. But state leaders cannot now obtain meaningful comparative measures of their state's performance in higher education. A state-by-state performance-based report card is the most effective way of providing state policy leaders with the impetus and information they need to improve public policies regarding higher education.

Several researchers have studied the use and effectiveness of report cards as policy instruments. William Gormley and David Weimer observe in *Organizational Report Cards* that comparative report cards, in defining the benchmarks of good performance, garner the attention of policymakers and the public:

> *Legislative priority-setting is guided in part by the relative performance of different sectors of the economy. A report card that highlights relatively low levels of performance can be extremely instructive to policymakers and is likely to generate considerable interest.*[2]

> Report cards do not guarantee an informed citizenry, but they tend to enhance the quality of public debate. In short, report cards make a distinctive contribution to both politics and markets by facilitating both top-down and bottom-up accountability.[1]

A recent commissioner of the National Center for Education Statistics has noted that report cards, compared to other formats for conveying data, highlight problem areas more clearly, impinge upon policy more directly, and establish standards against which to judge progress or regression.[2]

The usefulness of report cards as policy tools for state government is also reflected by their pervasiveness. Some of the most influential publications that have ranked or graded the 50 states are: *Kids Count Data Book*, published by the Annie E. Casey Foundation; *Quality Counts*, sponsored by *Education Week* and The Pew Charitable Trusts; *The New Economy Index* by the Progressive Policy Institute; *The Development Report Card for the States* by the Corporation for Enterprise Development; and *Grading the States*, sponsored by the Government Performance Project and *Governing* magazine. Like these publications, the National Center's report card will focus on comparing state performance.

Report cards that emphasize objective comparisons of performance can provide state leaders with information about performance and policies of other states, and can focus discussion on public policy options to improve performance. Like many other report cards, the National Center's report card on higher education will not advocate a single policy prescription for all states. The diversity of American colleges and universities, and the differences among states in their reliance upon public and private higher education preclude any "one size fits all" policy. But an effectively communicated report card on higher education will provide leaders in each state with performance information crucial to the creation of better higher education policy.

Goals of the Report Card

The National Center's overall purpose in creating a state-by-state report card on higher education is to stimulate the creation of state policies that enhance opportunity and achievement for all Americans who aspire to higher education. In each state, the National Center will seek to make the report card:

- *A DIAGNOSTIC TOOL* for state policy leaders, one that enables them to identify the strengths and weaknesses of higher education performance in their state compared to other states; and
- *A CATALYST FOR CONSTRUCTIVE CHANGE* as a widely disseminated, easily understood, objective framework for discussion and debate.

Moreover, by reporting performance outcomes at regular intervals over several years, the report card will map change in performance over time.

Description of the Report Card

The National Center's report card on higher education will compare state performance in higher education because it is at the state level that the most significant public policies regarding higher education are made. Although subsequent report cards may expand the area of inquiry, the initial report card will emphasize the traditional guiding values of state policy for education at the baccalaureate and sub-baccalaureate levels: the opportunity to seek and successfully achieve high quality education and training beyond high school. Performance outcome measures will take into account two- and four-year, public and private institutions in order to reflect the full range of choices available to those seeking education and training beyond high school. In each major area of performance, states will be graded in comparison with the highest-performing states—a method that emphasizes best performance and establishes high, yet achievable standards of performance.

The report card will be prepared and released regularly, with the first release in fall 2000, and with subsequent releases either annually or biannually.

The National Center has been advised about the feasibility of comparing state performance in higher education by an independent Report Card Feasibility Study Committee (see appendix). Two additional types of independent review are in process: *Technical Review* by independent scholars and organizations; and *Policy Review* by a national advisory committee appointed by the National Center (see appendix).

The initial report card will include two major sections, one that summarizes state-by-state performance results within a national context, and one that provides detailed information on each state's results. Each state will be graded on its performance in several key categories. In each category, the state will be given a grade based on its performance relative to that of the top-performing states. The heart of the report card lies in these performance categories for which grades are given.

The initial report card will examine opportunity and achievement for education and training through the bachelor's degree, since these are aspects of higher education policy: (1) over which each state has substantial policy influence; (2) for which there are sufficient data to compare state performance; and (3) which represent traditional state goals of broad access and high attainment. All the performance categories will draw attention to what is, and should be, known about performance.

The categories and their defining questions are:

- *Preparation.* How well does the state prepare students to be eligible for and to benefit from opportunities for education beyond high school?
- *Participation.* How well does the state perform in providing opportunities for enrollment in postsecondary education?
- *Affordability.* How affordable is higher education for students and their families?
- *Persistence and Completion.* How well do students persist toward and complete certificates and degrees?
- *Educational Gains and Returns.* What are the economic, civic and social benefits that accrue to a state as a result of a more highly educated population?

Grades for each performance category are determined by each state's scores on quantitative indicators. The indicators will reflect the defining questions listed above and will be based on data that allow fair and accurate comparisons over the long term.

The report card will ask what states know about the extent to which students learn from their education and training beyond high school. State results will also be provided but not graded in areas such as cost effectiveness, equity, and change over time—information that can help provide a context for the graded areas of state performance. In addition, a "Facts and Figures" section will display information about the state's demography and economy, and the organization and funding of its higher education system.

The project's ultimate success depends upon engaging state policy leaders with the policy issues raised by their state's performance in higher education. After the release of the report card, the National Center will assist individual states—at their request and to the extent feasible—as they interpret the report card and seek to identify effective policy options. This follow-up includes assisting states in assessing their performance ranges within the state—in different regions, for instance, or in relation to subpopulations.

State Higher Education Policy: Preserving Opportunity and Achievement

Societal and economic transformations are increasing the challenges that states face as they seek to provide their residents with opportunities to pursue and achieve education and training beyond high school. In response, states must ensure that public policy continues to reflect America's historic values of broadly inclusive, equitable opportunity for higher education. By developing and disseminating a state-by-state report card on higher education, the National Center seeks to draw policy leaders' attention to state performance in higher education, and to focus discussion on public policy options that will preserve America's long-standing commitment to opportunity and achievement.

ENDNOTES

[1] National Center for Education Statistics, *Digest of Education Statistics* (Washington, D.C.: 1999), pp. 212–213, tables 190, 191.

[2] Ibid., pp.349–350, tables 324, 325 (excludes sales and services).

[3] Edward Hines and James Palmer, *Grapevine* (Normal, IL: Illinois State University, 1999), coe.ilstu.edu/grapevine, table 9.

[4] National Association of State Student Grant and Aid Programs, *29th Annual Survey, 1997–98* (Albany: 1999), p. 1, table 1.

[5] U.S. Census Bureau, "Mean Earnings of Workers 18 Years and Older by Educational Attainment, Race, Hispanic Origin, and Sex," unpublished table, www.census.gov/population/socdemo/education/tablea-03.txt.

[6] U.S. Census Bureau, *School Enrollment: Social and Economic Characteristics of Students, October 1997* (Washington, D.C.: July 1999), pp. 4–5.

[7] Technology and Restructuring Roundtable, *Leveraged Learning* (Stanford, CA: Stanford Forum for Higher Education Futures, 1995); Dewayne Matthews, *The Transformation of Higher Education Through Informational Technology: Implications for State Higher Education Finance Policy* (Denver: WICHE, January 1998); and Patrick M. Callan and Joni E. Finney, "The Changing Contours of Higher Education: The Policy Implications of an Emerging System," November 1998, a paper sponsored by the University Continuing Education Association and The Council of Graduate Schools, forthcoming in a book by ACE/Oryx Press. See also Eli M. Noam, "Electronics and the Dim Future of the University," in *Science*, October 13, 1995, vol. 270, p. 247: "Today's production and distribution of information are undermining the traditional flow of information and with it the university structure, making it ready to collapse in slow motion once alternatives to its function become possible."

[8] National Center for Education Statistics, *Digest of Education Statistics* (Washington, D.C.: 1999), p. 334, table 311.

[9] National Association of State Budget Officers, *1998 State Expenditure Report* (Washington, D.C.: 1999), p. 9, table 3.

[10] National Center for Education Statistics, *Digest of Education Statistics* (Washington, D.C.: 1999), p. 349, table 324.

[11] Western Interstate Commission on Higher Education, *Knocking on the College Door* (Denver: 1999), p. 22.

[12] William T. Gormley, Jr., and David L. Weimer, *Organizational Report Cards* (Cambridge: Harvard University Press, 1999), p. 36.

[13] Ibid., p. 198.

[14] Pascal D. Forgione, Jr., *The Condition of Education* (U.S. Department of Education, Office of Educational Research, 1998), p. i.

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Appendix

REPORT CARD ADVISORY COMMITTEES

The Report Card Feasibility Study Committee met in 1998 and 1999 to advise the National Center about the feasibility of comparing state performance in higher education. The National Advisory Panel for the Report Card was established in 1999 and is currently reviewing the development of the report card. The final responsibility for creating, developing, and producing the report card, however, rests entirely with the National Center.

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About the National Center for Public Policy and Higher Education

As an independent, nonprofit, nonpartisan organization, the National Center for Public Policy and Higher Education promotes public policies that enhance Americans' opportunities to pursue and achieve high-quality education and training beyond high school. Formed in 1998, the National Center is not affiliated with any institution of higher education, with any political party, or with any government agency, and it is supported by a consortium of national foundations that includes The Pew Charitable Trusts and The Ford Foundation.

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98-1 *Concept Paper: A National Center to Address Higher Education Policy*, by Patrick M. Callan (March 1998). Describes the purposes of The National Center for Public Policy and Higher Education.

98-2 *The Price of Admission: The Growing Importance of Higher Education*, by John Immerwahr (Spring 1998). A national survey of Americans' views on higher education, conducted and reported by Public Agenda.

98-3 *Organizing for Learning: The View from the Governor's Office*, by James B. Hunt Jr., Governor of North Carolina and Chair of the National Center for Public Policy and Higher Education (June 1998). An address to the American Association for Higher Education concerning opportunity in higher education.

98-4 *Tidal Wave II Revisited: A Review of Earlier Enrollment Projections for California Higher Education*, by Gerald C. Hayward, David W. Breneman and Leobardo F. Estrada (September 1998). Finds that earlier forecasts of a surge in higher education enrollments were accurate.

98-5 *The Challenges Facing California Higher Education: A Memorandum to the Next Governor of California*, by David W. Breneman (September 1998). Concludes that the next governor should give serious consideration to exploring a new Master Plan for Higher Education.

98-6 *Federal Tuition Tax Credits and State Higher Education Policy: A Guide for State Policy Makers*, by Kristin D. Conklin (December 1998). Examines the implications of the new federal income tax provisions on students and their families, and makes recommendations for state higher education policy.

98-7 *Higher Education Governance: Balancing Institutional and Market Influences*, by Richard C. Richardson, Jr., Kathy Reeves Bracco, Patrick M. Callan, and Joni E. Finney (November 1998). Describes the structural relationships that affect institutional efficacy in higher education, and argues that effective state policy achieves a balance between institutional and market forces.

www.highereducation.org

98-8 *The Challenges and Opportunities Facing Higher Education: An Agenda for Policy Research*, by Dennis Jones, Peter Ewell, and Aims McGuinness (December 1998). Argues that due to substantial changes in the landscape of postsecondary education, new state-level policy frameworks must be developed and implemented.

99-1 *Taking Responsibility: Leaders' Expectation of Higher Education*, by John Immerwahr (January 1999). Reports the views of those most involved with decision-making about higher education, based on a survey and focus groups conducted by Public Agenda.

99-2 *South Dakota: Developing Policy-Driven Change in Higher Education*, by Mario Martinez (June 1999). Describes the processes for change in higher education that government, business and higher education leaders are creating and implementing in South Dakota.

99-3 *State Spending for Higher Education in the Next Decade: The Battle to Sustain Current Support*, by Harold A. Hovey (July 1999). This fiscal forecast of state and local spending patterns finds that the vast majority of states will face significant fiscal deficits over the next eight years, which will in turn lead to increased scrutiny of higher education in almost all states, and to curtailed spending for public higher education in many states.

00-1 *A State-by-State Report Card on Higher Education: Prospectus* (March 2000). The National Center is developing a state-by-state report card that compares and evaluates each state's performance in higher education. The goal of the report card is to stimulate the creation of state policies that enhance opportunity and achievement in higher education.

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